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BY HAND AND E-MAIL

Honorable Jaclyn A. Brilling
Secretary
New York Public Service Commission
Three Empire State Plaza
Albany, New York 12223

Re: Case 99-C-0949 – Compliance Filing – Performance Assurance Plan

Dear Secretary Brilling:

Enclosed please find an original and twenty (20) copies of the Compliance Filing of Verizon New York Inc. (“Verizon NY”) for the Performance Assurance Plan (the “PAP”), which is being filed pursuant to the “Order Establishing Modifications to the Performance Assurance Plan and Change Control Assurance Plan for Hot Cut Measurements and Standards.”¹ The Order directed Verizon NY to submit a compliance filing that modified the PAP to reflect the “ordered corrections, changes and additions.” (See Order at 25.) The Compliance Filing reflects Verizon NY’s good faith efforts to comply with the directives of the Commission. The Order, however, contained a number of ambiguities and omissions that needed to be resolved before the

¹ See Case 99-C-0949, “Order Establishing Modifications to the Performance Assurance Plan and Change Control Assurance Plan for Hot Cut Measurements and Standards” (issued March 17, 2005) (the “Order”).

Compliance Filing could be made. After conferring with Staff, Verizon NY has incorporated a number of items into the PAP that are discussed below. The Commission should confirm that Verizon NY has properly interpreted the Order.²

A. Critical Measure No. 1 – OSS Interface

All of the commenting parties agreed that PO-2-02-6010 – “% OSS Availability Prime Time – WPTS” should be added to the Interface Availability measures in Critical Measure No. 1, and the Commission ordered that this submetric be included in this Critical Measure. (Order at 15.) The parties, however, disagreed over the amount of bill credits that should be applied to the submetrics in Critical Measure No. 1. While the Order addressed this issue, it contains contradictory language regarding the amount of bill credits that should be available for these submetrics. The Order states that “\$74,074 is [to be] allocated to each submetric” (*id.* at 16 n.23), while the Appendix to the Order, which includes a revised model spreadsheet, indicates that \$55,556 should be assigned to each of the submetrics on a monthly basis. Verizon NY has discussed this issue with Staff and has been informed that the latter amount – \$55,556 – is the amount the Commission intended to attribute to each of the submetrics in Critical Measure No. 1.³

² As Verizon NY has previously informed the Commission, it implements metrics changes in the Network Metrics Platform on a quarterly basis in February, May, August and November. Therefore, the changes reflected in the Compliance Filing will be effective for the August 2005 data month.

³ The Compliance Filing reflects this amount. This amount also comports with the Commission view that “the Critical Measure dollars for UNE-L should be allocated based on the weights of the various metrics on a pro rata basis.” (Order at 19 n.26.) Pursuant to the Order (at 15), Verizon NY has also appropriately revised the UNE-L MOE threshold in the Compliance Filing.

B. The Hot Cut Special Provision

The Order directed that PR-9-08 – “% Average Duration of Hot Cut Installation Troubles” be added to the Hot Cut Special Provision. (Order at 24.) This metric was included in this section of the PAP on MCI’s recommendation.⁴ The Order, however, provided no details regarding how this metric should be incorporated into this section of the PAP nor did it allocate any bill credits to this metric. (*Id.* at 23-24.) The Order’s Appendix, which includes a revised model spreadsheet with bill credit allocations, does not include any reference to this metric and the Hot Cut Special Provision only includes PR-6-02 – “% Installation Troubles within 7 Days – Hot Cuts” and PR-9-01 – “% On Time Performance – Hot Cuts.” The \$24 million in bill credits, which have been made available for service quality related to Hot Cut Performance Measures, has been allocated among the six submetrics for PR-6-02 and PR-9-01.

In addition, the current Hot Cut Special Provision has a unique measurement scheme that links Verizon NY’s performance on PR-6-02 and PR-9-01. That section currently provides as follows:

- (a) If for any two consecutive months VZ-NY fails to achieve either 90% on-time performance for Hot Cuts or has a greater than a 3.00% rate for I-codes for hot cuts, VZ-NY will distribute \$1 million in bill credits to the affected CLECs. These credits will be distributed like the bill credits under Critical Measures, Aggregate Rule. If VZ-NY fails to meet either of these measures in the first month, but meets them in the second month, no bill credits will be due. [Referred to as Tier II in PAP, Appendix H]
- b) If for any one month VZ-NY fails to achieve 85% on-time performance for Hot Cuts or scores greater than a 4.00% rate for I-codes for hot cuts, VZ-NY will

⁴ No other CLEC recommended that this metric be included in the PAP, and Verizon NY opposed its inclusion.

distribute \$2 million in bill credits to the affected CLECs for that month. These credits will be distributed like the bill credits under Critical Measures, Aggregate Rule. [Referred to as Tier III in PAP, Appendix H].

(PAP at 13.) Under this scheme, bill credits are available if Verizon NY fails to satisfy the Tier II and Tier III thresholds. But these thresholds are triggered only when Verizon NY's performance deteriorates below the standards set for Hot Cut metrics in the Critical Measures section, which is deemed to be Tier I in this scheme.⁵ PR-9-08 does not appear in the Critical Measures section.

Accordingly, PR-9-08 cannot be simply pasted into the Hot Cut Special provision. As can be seen from the description above and the Tier II and III tables in Appendix H, the Hot Cuts Special Provision is complex with a series of linkages related to the metrics and performance over a number of months. Thus, issues related to performance thresholds and bill credit allocations, among other things, had to be addressed before PR-9-08 could be added to the PAP. Realizing this, Verizon NY made a proposal to Staff on how PR-9-08 should be included in the Hot Cut Special Provision. Verizon NY's proposal is reflected in Appendix H to the annexed PAP and can be summarized as follows:

- PR-9-08 has been incorporated into the Tier II and Tier III Tables in the Hot Cut Special Provision in Appendix H.
- It is not linked to the other two Hot Cut Metrics.
- It has been given performance thresholds that are equivalent to the performance thresholds for the other two metrics in this section, and it has been assigned bill credits in amounts that reflect a weight of 5.

⁵ See, e.g., Cases 97-C-0271 and 99-C-0949, "Order Adopting the Amended Performance Assurance Plan and Amended Change Control Plan" (issued November 3, 1999), at 22.

- Finally, a volume incentive has been added that will prevent the entire amount at risk from being allocated when the total number of troubles is less than 50.

Verizon NY believes that this proposal addresses concerns raised by Staff, reasonably reflects the Commission's intent and should be incorporated into the Compliance Filing.⁶

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The Commission should confirm that Verizon NY's Compliance Filing comports with the Commission's intent.

Respectfully submitted,

William D. Smith

cc: All Active Parties (By E-Mail)

⁶ In making these proposals, Verizon NY does not concede that PR-9-08 should be included in the PAP or the PAP's Hot Cut Special Provision. It should not, and Verizon NY will revisit this issue during the next PAP annual review.